

BOARD OF MEDICAL STUDENT LOANS

A.R.S. § 15-1723

Christopher A. Leadem, Ph.D., Chairman

JLBC Analyst: Bruce Groll

General Fund and Medical Student**Loan Fund****FY 1998****Actual****FY 1999****Estimate****FY 2000****Approved****FY 2001****Approved**

FTE Positions	0.0	0.0	0.0	0.0
Medical Student Loans	305,600	316,400	330,400	342,400
Total Appropriations	305,600	316,400	330,400 ^{1/}	342,400 ^{1/}
<u>Fund Summary</u>				
General Fund	286,200	239,000	276,400	322,100
Medical Student Loan Fund	19,400	77,400	54,000	20,300
Total Appropriations	305,600	316,400	330,400	342,400

Agency Description — *The board is authorized to grant loans to students of the University of Arizona College of Medicine, make a full investigation of the ability, character and qualification of each loan applicant, and administer the loan program. Medical students who participate in the Medical Student Loans program agree to serve the State of Arizona in medically underserved areas for at least 2 years, or 1 year of service for each year of loan support, whichever is longer, upon graduation. As an incentive for service, the board is authorized to impose upon participants who have signed contracts, liquidated damages equal to the full amount borrowed, in addition to repaying the loan at a 7% interest rate.*

Medical Student Loans — The amounts appropriated to the board shall be deposited in the Medical Student Loan Fund as prescribed by A.R.S. § 15-1725, including repaid student loan funds. The appropriated amounts may be used to grant loans to qualified applicants.

The \$276,400 for FY 2000 and \$322,100 for FY 2001 from the General Fund, and an estimated \$54,000 for FY 2000 and \$20,300 for FY 2001 from the Medical Student Loan Fund will provide a total sum available for medical student loans in each fiscal year of \$330,400 and \$342,400, respectively. The approved amounts will permit the board to provide average loan amounts per student of \$20,650 in FY 2000 and \$21,400 in FY 2001. These approved amounts are the legal maximum loan levels, including inflation, for continued funding of 16 medical students.

Laws 1992, Chapter 338 authorized the Board of Medical Student Loans to grant the maximum loan amount for tuition plus a stipend adjusted for inflation based on the percentage change in the Gross Domestic Product (GDP) Price Deflator. For FY 2000, based on an estimated 1.4% change in the GDP Price Deflator, this amount is \$11,790. Tuition of \$8,860 plus the \$11,790 stipend equals \$20,650. This amount is approximately 88% of the \$23,320 average annual cost of education for a University of Arizona medical student.

For FY 2001, the approved amount includes an increase of \$45,700 from the General Fund to offset inflationary and tuition increases and expected reduced future loan

repayment revenue. The approved amount continues funding for 16 currently enrolled students at the legal maximum loan amount of \$21,400. This sum is based on a \$12,040 stipend, as calculated using an estimated 2.1% change in the GDP Price Deflator, plus tuition of \$9,360. The reduction in loan repayment revenue is based on current data reflecting that more students are now fulfilling their service commitments to the State of Arizona in medically underserved areas.

Additional Legislation: Physicians; Medical School Repayment Loans (Chapter 79) — Expands participation in the medical school student loan program to include qualified students enrolled in Arizona private medical schools; requires private medical schools to reimburse the University of Arizona for administration costs for processing private school student loans; and limits the total amount of a medical loan to the cost of a medical education at a state university under the jurisdiction of the Arizona Board of Regents. Additionally, this legislation increases the Board of Medical Student Loans from 7 to 8 members, 1 of whom must be a licensed osteopathic physician appointed by the Board of Osteopathic Examiners in Medicine and Surgery.

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^{1/} General Appropriation Act funds are appropriated as a Lump Sum by Agency.